

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-02 PA-01

PRS-01 USIA-06 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 IO-10 /093 W

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R 131055Z MAR 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 0012

INFO USMISSION EC BRUSSELS

AMCONSUL MILAN

AMCONSUL NAPLES

USMISSION OECD PARIS

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PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: PRELIMINARY FIGURES FOR ITALY'S 1974 BALANCE OF PAYMENTS

REF: ROME 0663

1. SUMMARY. EMBASSY'S PRELIMINARY ESTIMATE OF ITALY'S "ECONOMIC" BALANCE OF PAYMENTS FOR 1974 (IN MILLIONS OF DOLLARS) SHOWS TRADE DEFICIT OF 7,577, CURRENT ACCOUNT DEFICIT OF 7,717, ADJUSTED CAPITAL ACCOUNT SURPLUS OF 676 AND OVERALL DEFICIT (INCLUDING ERRORS AND OMISSIONS) OF 7,657. MAIN SOURCES OF FINANCING OF DEFICIT, IN ORDER OF IMPORTANCE, WERE EUROMARKET, GERMAN GOLD LOAN, EC CREDIT AND IMF. END SUMMARY.

2. EMBASSY NOW HAS COMPLETE BUT PRELIMINARY BALANCE OF PAYMENTS DATA ON PAYMENTS BASIS FOR 1974, WHICH IS SHOWN  
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IN SUMMARY FORM IN TABLE 1 BELOW. EMBASSY HAS ALSO MADE

ROUGH ESTIMATE OF BALANCE OF PAYMENTS ON "ECONOMIC" BASIS,  
WHICH IS UPDATED VERSION OF FIGURES SHOWN IN REFTEL.  
IMPORTANT CHANGE IS ASSUMPTION OF 7.5 PERCENT (RATHER THAN  
6 PERCENT) ADJUSTMENT IN IMPORTS FROM C.I.F. TO F.O.B.  
BASIS. THIS IS BASED ON ACTUAL BANK OF ITALY FIGURES FOR  
FIRST NINE MONTHS OF 1974. DATA IN TABLES BELOW ASSUME  
THAT NET EUROMARKET BORROWING WAS FINANCING ITEM BELOW-THE-  
LINE RATHER THAN AUTONOMOUS CAPITAL INFLOW. TABLE 2 SHOWS  
BREAKDOWN OF FINANCING OF DEFICIT.

3. TABLE 1 - 1974 BALANCE OF PAYMENTS (MILLIONS OF DOLLARS)

	PAYMENTS BASIS	ECONOMIC BASIS
EXPORTS (F.O.B.)	29,140	30,283
IMPORTS	39,196(1)	37,860(1)
TRADE BALANCE	-10,056	-7,577
(OF WHICH: OIL)	N/A	(-7,319)
SERVICES/UNILATERAL TRANS.	-1,065	-140
CURRENT ACCOUNT	-8,991	-7,717
COMMERCIAL CREDIT	-	500
OTHER CAPITAL(2)	1,436	86
CAPITAL ACCOUNT	1,436	676
ERRORS/OMISSIONS	-102	-616
DEFICIT(2)	-7,657	-7,657

N/A - NOT APPLICABLE

- 1) PAYMENTS DATA C.I.F.; ECONOMIC DATA F.O.B.
- 2) EUROMARKET TERM LOANS MOVED FROM CAPITAL ACCOUNT TO FINANCING.

4. TABLE 2 - FINANCING OF DEFICIT (MILLIONS OF DOLLARS)

OFFICIAL 7,077

GOLD/FX (- MEANS INCREASE)	-1,006
OTHER OFFICIAL	395
IMF STANDBY	857
IMF OIL FACILITY	826
EC CREDIT	1,885
GERMAN GOLD LOAN	2,000
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EUROMARKET (NET)	2,120
COMMERCIAL BANKS	580
TOTAL	7,657

5. COMMENT. ABOVE DATA HAVE BEEN TRANSMITTED BY CABLE  
SO AS TO SAVE TIME IN TRANSMISSION AND FOR BACKGROUND FOR FORE-  
CASTING PURPOSES. REGULAR  
CERP ANALYSIS OF 1974

BALANCE OF PAYMENTS WILL BE REPORTED WHEN FINAL BANK OF  
ITALY FIGURES ARE AVAILABLE. VOLPE

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